

APR 28 1982

Dear Applicant:

We have considered your application for recognition of exemption from Federal income tax under section 501(c)(7) of the Internal Revenue Code. The information submitted revealed that you were formed [REDACTED]. Your purposes, briefly stated, are to promote an annual two day golf tournament and dinner for military retired persons.

Section 501(c)(7) of the Internal Revenue Code provides exemption for:

"Clubs organized for pleasure, recreation and other non-profitable purposes, substantially all of the activities of which are for such purposes and no part of the net earnings of which inures to the benefit of any private shareholder."

Section 1.501(c)(7)-1(a) of the Income Tax Regulations states that exemption under Section 501(c)(7) extends to social and recreational clubs which are supported solely by membership fees, dues, and assessments.

Revenue Ruling 58-589, 1958-2 C.B. 266, provides that in order for an organization to establish that it is a club organized and operated exclusively for pleasure, recreation, and other non-profitable purposes, it must have an established membership of individuals, personal contacts, and fellowship. A comingling of the members must play a material part in the life of the organization.

The activities of your organization do not satisfy the comingling requirements set out above as the tournament and dinner, a two day affair, are the only comingling and fellowship for your organization.

There are no stringent rules and regulations for becoming a member. The requirement is that you are retired from the military and be one of the [REDACTED] entrants. Due to the size of the facilities, entries are limited to [REDACTED]. There are no other meetings of the participants. Participation in a tournament would not satisfy the requirements for an established membership.

[REDACTED]

It is held that you are not organized exclusively for pleasure, recreation or other similar nonprofitable purposes. Substantially all of your activities are not for such purposes. Therefore, you are not exempt from Federal income tax under section 501(c)(7) of the Internal Revenue Code. You are required to file Federal income tax returns on Form 1120.

If you agree with these conclusions or do not wish to file a written protest, please sign and return Form 6018 in the enclosed self-addressed envelope as soon as possible.

If you do not agree with these conclusions, you may, within 30 days from the date of this letter, file in duplicate a brief of the facts, law, and argument that clearly sets forth your position. If you desire an oral discussion of the issue, please indicate this in your protest. The enclosed Publication 892 gives instructions for filing a protest.

If you do not file a protest with this office within 30 days of the date of this report or letter, this proposed determination will become final.

If you have any further questions, please contact the person whose name and telephone number are shown at the beginning of this letter.

Sincerely,

[REDACTED]  
Acting District Director

Enclosures:  
Publication 892  
Form 6018